

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1	RAY	-	GLEN RAY
2	PERMILLION	-	MICHAEL PERMILLION
3	SKILLING	-	JEFFREY SKILLING
4	ANZALONE	-	VINCE ANZALONE
5	PETE	-	PETE Last Name Unknown (LNU)
6	UM	-	UNIDENTIFIED MALE

7	UF	-	UNIDENTIFIED FEMALE
8	UI	-	UNINTELLIGIBLE

9 [BEGINNING OF TELEPHONE CONVERSATIONS]

10 **Call #1:**

11 (Telephone rings).

12 UM - Coming through.

13 RAY - Okay. Thanks.

14 PERMILLION - This is MICHAEL.

15 RAY - Yeah. MICHAEL it's GLENN?

16 PERMILLION - Hello.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Yes, this is GLENN.

2 PERMILLION - Yeah, GLENN. Yeah, we got a problem.

3 RAY - Okay.

4 PERMILLION - Your guy...your guy's listed as an affiliate on the account.

5 RAY - Well, yeah. Go ahead.

6 PERMILLION - And as an affiliate he has to do a 144 filing.

7 RAY - Okay. Yeah. He actually is not technically an affiliate anymore. Okay,

8 he was the...the CEO...

9 PERMILLION - Right.

10 RAY - ...until about uh, oh, six, seven weeks ago and he resigned.

11 PERMILLION - Okay. The problem is that normally if the company releases him, he's

12 a...he's still considered as an affiliate for 90 days...

13 RAY - Yeah.

14 PERMILLION - ...after...after he quits.

15 RAY - Okay, now, it's...I...I don't remember who I had this discussion with,

16 but uh, um, uh, my...my belief anyway, it was that uh, um, as long...well,

17 okay, I had, had a discussion with someone about him selling calls, you

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 know, a covered call.

2 PERMILLION - Right.

3 RAY - And they said as long as he can deliver cleared shares...

4 PERMILLION - Uh-huh.

5 RAY - ...that, that was fine. Okay?

6 PERMILLION - Okay.

7 RAY - And in this case uh, what's the difference?

8 PERMILLION - Well, the difference is that in...in order for him on delivering clear

9 shares, he might be able to, and like I say, I don't know what kind of,

10 you know, what they said about his cleared shares.

11 RAY - Okay.

12 PERMILLION - But about the shares in his account, because he is considered as an

13 insider or an affiliate uh, for 90 days after um, he resigns or quits uh, he

14 would still do a 144 filing. Now, that doesn't prevent...prevent him

15 from selling, but he still has to do a filing with the federal government,

16 the SEC.

17 RAY - Okay. Um.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 PERMILLION - So now if...if he's absolutely sure the company has him released as that
2 then, you know, then...then...we'll...we'll need something from him
3 letting us know that. But other than that, if...if not, he'd be in violation
4 of the SEC.

5 RAY - Right. Okay, they were supposed to, and I believe now this is the
6 case, okay. Um, uh, the company was supposed to fax us or mail us a
7 letter to that fact, okay. Um, I have not received it um, or at least
8 I...I'm not...I don't think that we've gotten it here but uh, they were
9 supposed to notify us of that.

10 PERMILLION - (UI).

11 RAY - Uh, but okay, in a short term, are you saying you gotta cancel the
12 order?

13 PERMILLION - I'm saying I'm gonna have to cancel this unless I get that 144 filing.

14 RAY - Um, okay, if we get the letter from the company saying that...that he's
15 released, would that uh, would that suffice or...or do we still need to do
16 the 144?

17 PERMILLION - No, that means...that'll...that'll suffice.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Okay. Okay. Um, I guess you can go ahead and cancel the order.
2 Let me get back with him and find out wh...uh, um, yeah, where we are
3 on that. And then uh, I'll call back and do the order again at...at some
4 point if we can.
5 PERMILLION - Okay.
6 RAY - Alright.
7 PERMILLION - Thanks
8 RAY - (UI). (Clears his throat). (Laughing) Almost (UI). (Clears his throat).
9 Alright. Okay, yeah, we have not gotten...
10 (UI background conversation). Alright.
11 **End of call #1**
12 **Beginning of Call #2:**
13 (Dial tone). (Telephone being dialed). (Telephone rings).
14 SKILLING - Hello.
15 RAY - Hey, JEFF?
16 SKILLING - Yeah.
17 RAY - Yeah, GLENN at SCHWAB.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - Hey, GLENN.

2 RAY - Yeah uh, ran into a hitch on that order.

3 SKILLING - Okay.

4 RAY - Okay, here's the problem. Uh, uh, and this is why I...I, you know,

5 we...we had that other department do the order, cause that was the

6 Restricted Stock uh, Department and um, they balked after we hung up

7 saying, "Hey, but wait, he's still an affiliate."

8 SKILLING - Why am I a affil...an affiliate?

9 RAY - Yeah.

10 SKILLING - You should have gotten a letter from uh, REX ROGERS, who...

11 RAY - Okay, that's what I was calling you about. I was gon...

12 SKILLING - Did you get that letter?

13 RAY - Uh, I have not received it.

14 SKILLING - He sent it to you.

15 RAY - Okay, did he...he mailed it?

16 SKILLING - Yeah.

17 RAY - Okay. Uh, could he fax us a copy?

318A-HO-59147
Date: 09/17/2001

Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - Um, Yeah. Uh...

2 RAY - I mean, just in lieu of receiving the...the hard copy, so.

3 SKILLING - Okay now, and...and what specifically do you need them to say? I

4 mean,...

5 RAY - Yeah.

6 SKILLING - ...do you just wanna call him?

7 RAY - That...that would work, too.

8 SKILLING - Okay.

9 RAY - Um, let me uh, (UI) you.

10 SKILLING - Okay uh, well, do you need the number?

11 RAY - Uh, yeah, if that's okay if you can get it.

12 SKILLING - Let me get it. Let me put you on hold. I gotta go back to my office.

13 RAY - Uh, uh, okay.

14 (Pause).

15 RAY - They said they were canceling it. Yeah, 144 said they were canceling

16 it.

17 SKILLING - Okay, GLENN, his number is area code (713) 853-3069.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Okay, and uh,...

2 SKILLING - Now, why don't I do this. Why don't I call him and have him call you,
3 okay.

4 RAY - Oh, that would be perfect. Yeah.

5 SKILLING - Okay? And uh, uh, hopefully he's not out to lunch.

6 RAY - Okay.

7 SKILLING - Alright.

8 RAY - O...okay, yeah and then uh, what we're looking for is for him to maybe
9 just to find a copy of that letter and fax it here.

10 SKILLING - Okay.

11 RAY - Alright?

12 SKILLING - And uh, and the specific issue is what? I mean, what are they balking
13 at?

14 RAY - Uh, that um, the SEC basically, the one...the Rule one, you know the
15 Rule 144 requires that we still consider you an affiliate for 90 days.

16 SKILLING - Oh.

17 RAY - Okay, after your resignation. And uh, what we need is the company

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1			telling us that they're releasing you from your...
2	SKILLING	-	From 16 B.
3	RAY	-	Correct
4	SKILLING	-	Okay.
5	RAY	-	Alright?
6	SKILLING	-	Thank you much.
7	RAY	-	Okay, thank you. Bye.
8	End of Call #2		
9	Beginning of Call #3:		
10			(Telephone rings).
11	SKILLING	-	Yeah? Okay, fine.
12	UM	-	Mr. SKILLING. Here he comes.
13	SKILLING	-	Thanks.
14	RAY	-	Hi, JEFF, it's GLENN.
15	SKILLING	-	Uh, hi, GLENN. He's out to lunch.
16	RAY	-	Okay.
17	SKILLING	-	Uh, so I have asked him to uh, give a call. When he uh, I've given him

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1			your phone number, too,...
2	RAY	-	Okay.
3	SKILLING	-	...and I was giving them mine, so I don't know if he'll call me or you
4			first. But I would prefer they not know that I'm considering selling just
5			if...I just wanna clearance from them that I can if I so decide, okay?
6	RAY	-	Okay.
7	SKILLING	-	Uh, because I don't want them to know what I'm doing.
8	RAY	-	Right. Um, but the letter that they had sent...
9	SKILLING	-	It says basically that I am no longer 16-B officer and...and have the
10			ability to transact.
11	RAY	-	Okay.
12	SKILLING	-	Yeah.
13	RAY	-	And...and I'm assuming, and..and uh, I'm...I'm not uh, absolutely sure,
14			but I'm assuming that, that releases you from your affiliation status.
15	SKILLING	-	Yeah, I...I would guess. I mean, I talked to REX. He's...he is an SEC
16			lawyer.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - And uh, he says, "Yeah," he said, "you're...you're clear to go uh, do
2 what you wanna do." So, you can't do anything if you have material
3 inside information," but uh, that's true for any human being on the
4 planet. Uh, and...and uh, that's a decision that...that I have to make.
5 RAY - Uh, uh, right. Right. Yeah, we um, um, we're just concerned about
6 being a, you know, otherwise, you have to fill out 144 paperwork.
7 SKILLING - Yeah, and I do not have to fill one four...144 paperwork.
8 RAY - Yeah. Okay, so...
9 SKILLING - Now, are...are you sure that they can't transact? I mean, are they just
10 being uh, I mean, if...if there's a problem, it's my problem, right? I
11 mean, I've talked to REX. Everything's fine. I'm just...I'm worried
12 about the timing on this thing, GLENN.
13 RAY - Uh, right. Um...
14 SKILLING - I mean, can you let them know? I mean, I have talked to them. Well, I
15 guess we'll just wait for him to call then.
16 RAY - Uh, yeah. I...I...I think this is more of a...of a CYA uh,...
17 SKILLING - Yeah, I know, but it'll...but it'll cost me money, (chuckling) you know, if

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 the market goes down to cover their ass and, you know, I'm the one
2 that's exposed legally. Uh, and so if I'm, you know, if I'm clearing the
3 transaction it would seem to me that, you know, it's kind of on my
4 nickel, not on their nickel.

5 RAY - Uh,...

6 SKILLING - Can you just mention that to them. Just tell them that look, I have
7 cleared it with ENRON and uh, there's gonna be a time delay because
8 it's 12:00 here. He's just gone out to lunch...

9 RAY - Uh...

10 SKILLING - ...and he probably won't be back until 1:30 or something. And I would
11 just as soon get this thing uh, into the execution queue.

12 RAY - Is there, I mean, is there anyone else there that can fax us a copy of the
13 letter?

14 SKILLING - Well, REX is the guy. I mean, he is...he is the SEC lawyer. I just as
15 soon he be the guy. I don't wanna,...

16 RAY - Okay.

17 SKILLING - ...you know, have 90 people at ENRON running around uh...

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Yeah. Okay.

2 SKILLING - Okay?

3 RAY - Um, okay um...

4 SKILLING - Okay, if you check with them and just tell them that, you know, if they

5 need to talk to me uh, I can tell them uh, what I have done. And if this

6 is a cover your ass and it costs me a lot of money, I am not gonna be

7 happy about it.

8 RAY - Right. Um, yeah. Actually, we've already gotten a partial fill on the

9 order (chuckling). Uh, 109,000 already sold...

10 SKILLING - Okay.

11 RAY - ...at uh, at 31.50.

12 SKILLING - Okay.

13 RAY - Uh, so uh, they are, or at least I was under the impression...

14 SKILLING - Could you have...

15 RAY - ...yeah, they did cancel the rest of the order. Yeah.

16 SKILLING - They did cancel the rest of the order?

17 RAY - Yeah. Yeah. Yeah. Uh...

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - Uh, have them call me. Uh,...

2 RAY - Or well...

3 SKILLING - ...I...I mean, I don't know. What...what do I do here, GLENN? I

4 mean uh, I'm worried. You know, that...that the market is dropping

5 now.

6 RAY - Uh, yeah, let's see.

7 SKILLING - Uh, could you just call up to say, "Hey, look, you know, he's talked to

8 them. Uh, we'll get a phone call from them within the next hour, but the

9 guy's out to lunch, you know , and on a Monday (chuckling), you

10 know, when the markets been closed for four days." But if...but if they

11 have a legal requirement to do that, that's fine and...and I will certainly

12 abide by it. I don't think there is a legal requirement. I think the legal

13 requirement is on me to make sure that I am clear, and I have uh, I

14 have done what's necessary to ensure that. And so I think if...if there's

15 any problem, you know, if...if there's any breaking a law or anything,

16 I'm the one in trouble, not them.

17 RAY - Yeah. Well, I mean, you know, we have a responsibility as brokerage

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 firm, too. You know, to...to make sure that you don't do something
2 wrong (laughing), so. Or at least, you know, that we have, I mean, you
3 know, yeah, we're required to get the paperwork, for instance.

4 SKILLING - Right.

5 RAY - Uh, um,...

6 SKILLING - Well, can you call them up and just see?

7 RAY - Uh, yeah, definitely. Definitely. Yeah, I will call them up and see if I
8 can't uh, uh, wring some...something out of them.

9 SKILLING - Tell them I have talked to REX ROGERS is the general counsel at, is
10 the counsel at ENRON handling all SEC matters. He said that I am
11 fine. I do not have to fill out 144's. I'm no longer a 16-B officer. And
12 he said the only restrictions that apply to me are the short swing

13 [REDACTED]

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 about it.

2 SKILLING - If they wanna call me, just give them my...my number.

3 RAY - Okay. Um, you don't...you also don't know when uh, REX uh, uh,

4 mailed that letter, do you?

5 SKILLING - He said he sent it out when I talked to him on uh, well, you know, I...I

6 would imagine all the mail's screwed up right now.

7 RAY - Right.

8 SKILLING - But I talked to him on uh, I think Wednesday of last week.

9 RAY - Okay, and uh, yeah, so I'm just wondering if someone here has it and it

10 just hasn't been delivered to me.

11 SKILLING - Yeah, I had them send it to 9401 East Panorama Circle, Englewood,

12 Colorado 80112.

13 RAY - Right.

14 SKILLING - Attention to you.

15 RAY - Right. Right. So that was right. So yeah, let me fish around and see if

16 someone's actually got it in their hands.

17 SKILLING - Okay.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Uh, but in the meantime uh, I will work with uh, with the Restricted
2 Stock Department. If I come up with anything I'll give you a call as
3 soon as we know something.

4 SKILLING - Okay. Thanks, GLENN.

5 RAY - Bye. Thanks.

6 SKILLING - Bye.

7 RAY - (Clears his throat). I'll just call and see if the stock (UI). Um,
8 Restrict...Restricted Stock didn't require (UI). Oh, all restricted stock
9 (UI) place the order just like before.

10 **End of Call #3**

11 **Beginning of Call #4:**

12 (Dial tone). (Telephone number being dialed).

13 RAY - Yeah, we're cool. Every...everything is cool. Everything is cool. I...I
14 was worried that the stock had done that...that (UI).

15 UF - **Recording:** "You have placed the priority line of CHARLES
16 SCHWAB'S Restricted Stock Department. If you are an Investment
17 Manager or a SCHWAB institutional client and want to speak to a

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 representative about restricted stock, please press 1. For all other
2 issues, please remain on the line."
3 PETE - Thank you for calling CHARLES SCHWAB Restricted Stock. My
4 name is PETE, can I help you?
5 RAY - Hi, PETE uh, GLENN, DENVER PINNACLE.
6 PETE - Hi.
7 RAY - Hi. Um, let me give you the account number first, 81106673. I placed
8 an order earlier with someone name MICHAEL.
9 PETE - MICHAEL PERMILLION?
10 RAY - Uh, that...that sounds right. Yeah.
11 PETE - Okay, and what uh,...
12 RAY - Uh, if you get a (UI).
13 PETE - ...ENRON?
14 RAY - Uh, right. Yeah. Um, MIKE, he had called back and said uh, you
15 know, there's still the affiliation notes on there. We placed the order,
16 but (chuckling) then he called back...
17 PETE - Hold...hold...hold...hold...hold on a second, please.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 RAY - Thanks.

2 (Pause). (Recording).

3 PETE - What's your name?

4 RAY - Uh, GLENN.

5 PETE - Hold on.

6 (Pause). (Recording).

7 PETE - Look, I'm gonna transfer you to VINCE ANZALONE. He's the

8 supervisor here.

9 RAY - Uh, oh, okay. I just got off the phone with him. Hello?

10 PETE - Yeah.

11 RAY - I just got off the phone with him. He told me to have the order

12 reinstated. Okay? Um, but we can't place the order here.

13 PETE - Okay. Uh, let...let me transfer you to VINCE. He'll take care of you.

14 RAY - (Laughing) Okay.

15 (Pause). (Recording).

16 ANZALONE Hey, GLENN.

17 RAY - Oh, hi, VINCE.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 ANZALONE - How are you doing?

2 RAY - Yeah. We cannot place the order.

3 ANZALONE - Oh, okay. I thought people in Jersey City were just gonna reinstate it.

4 RAY - Oh.

5 ANZALONE - That's fine, I can place a new order.

6 RAY - Oh, okay. Yeah, just for the remaining shares on that...on that.

7 ANZALONE - Alright, (UI).


8 RAY - Do you have the account number?

9 ANZALONE - Yeah. Sell 391,000 even...

10 RAY - Correct.

11 ANZALONE - ...that was left?

12 RAY - Correct. Yeah. Um, and it's limit 20. 20 or better, not hold.



13 ANZALONE - Okay, GTC?

14 RAY - And good till canceled, yeah.

15 ANZALONE - Any special commission on it?

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 good till canceled.

2 RAY - That's correct.

3 ANZALONE - It's back.

4 RAY - Okay.

5 ANZALONE - Alright.

6 RAY - Thank you.

7 ANZALONE - Bye.

8 RAY - Okay. In the stock (UI). Okay. Uh, yeah, he had just (UI) on the

9 previous buy, but I'll call him back in just a second.

10 **End of Call #4**

11 **Beginning of Call #5:**

12 (Dial tone). (Telephone number is being dialed).

13 RAY - Do I need to call Jersey City or Trade Support? Jersey? Okay.

14 Okay, then I will call (UI).

15 (Dial tone). (Telephone number being called).

16 RAY - Yeah.

17 (Telephone rings).

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - Hello.

2 RAY - JEFF, GLENN at SCHWAB.

3 SKILLING - Hi, GLENN.

4 RAY - Hi. Um, (chuckles) uh, we got some people to jump through...through

5 some hoops here.

6 SKILLING - Okay.

7 RAY - Um, we have your order reinstated.

8 SKILLING - Okay.

9 RAY - Okay? The price is basically where it was.

10 SKILLING - Mm-hmm.

11 RAY - Okay. Um, as far as the requirement for the letter,...

12 SKILLING - Yep.

13 RAY - ...um, we've actually pushed it up a couple of levels and they basically

14 said, "Well, we don't real...really need it. We're relying on you, the

15 customer...

16 SKILLING - Right.

17 RAY - ...for that." Just like you thought, okay? So um, uh, so basically, we're

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1			back to where we started from.
2	SKILLING	-	Okay. Great.
3	RAY	-	Now, if you want to call your uh, REX ROBERTS was it?
4	SKILLING	-	REX ROGERS.
5	RAY	-	RO...ROGERS? Okay. Yeah. Um, at this point I don't need to speak
6			with him today.
7	SKILLING	-	Okay.
8	RAY	-	So I don't know if you still want uh, uh,...
9	SKILLING	-	Well, I'll find out where the letter is and uh, what...what's your fax
10			number?
11	RAY	-	Okay, you got a pen?
12	SKILLING	-	Yep.
13	RAY	-	It is area code (720)...
14	SKILLING	-	Mm-mmm.
15	RAY	-	...785...
16	SKILLING	-	Right.
17	RAY	-	...6105.

318A-HO-59147
Date: 09/17/2001
Time: 1:01 p.m.
ENRON Tape #2-A
MA/sjt
(Transcribed 10/10/2005)

1 SKILLING - Okay.
2 RAY - Yeah, if you still wanna play it that way and just uh, have him fax us a
3 copy,...
4 SKILLING - Perfect.
5 RAY - ...uh, that would uh, uh, that would assure us here and uh, and that
6 would uh, uh, obviously, I know that you don't want him to know that
7 you're selling, so that would give him...that would give you some excuse
8 to tell him.
9 SKILLING - Yep.
10 RAY - You know uh, what the call was about.
11 SKILLING - I appreciate it. Thank you very much.
12 RAY - Okay, take care.
13 SKILLING - Take care.
14 SKILLING - Bye.

15 ENRON Tape #2-A

16 [END OF TELEPHONE CONVERSATIONS]